

New GAO Report Questions President's Health Care Proposals

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New GAO Report Raises Concerns about President's Health Care Proposals Report Highlights Risks of Health Savings Accounts

FOR MORE INFORMATION:

Stark: Matthew Beck, 202-225-3526

Waxman: Karen Lightfoot, 202-225-5051

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WASHINGTON, DC - Senior House Democrats Pete Stark and Henry A. Waxman today released a report by the Government Accountability Office (GAO) comparing enrollees in Health Savings Accounts (HSAs) and High-Deductible Health Plans (HDHPs) with enrollees in the traditional Federal Employees Health Benefits Program (FEHBP).

During his State of the Union Address earlier this week, President Bush signaled that expanding HSAs and HDHPs would be a centerpiece of his domestic agenda. Health policy experts are concerned these will attract only the healthiest participants, raising costs and risking coverage for other individuals and families who remain in traditional plans. The GAO report appears to validate these concerns.

"This report screams 'buyers beware', verifying what we have suspected all along: HSAs and high-deductible health plans proposed by President Bush and the Republicans are designed for healthy, wealthy people," said Rep. Stark. "Despite this reality, President Bush is pushing them on low-income workers -- not to provide them with better health insurance, but to meet his long-term goal of dismantling employer-provided health care. HSAs are another way for the GOP to benefit their special interest friends -- in this case, the insurance industry, corporations, and wealthy taxpayers -- at the expense of America's workers."

"The President's Health Savings Account plan combines the worst elements of the President's failed Social Security privatization plan and his Medicare Prescription drug fiasco," said Rep. Waxman. "HSAs would increase healthcare costs for many consumers, and force others to ration care, embroiling them in a confusing morass of accounts and bills when they should be focused on their health. Unfortunately, they have the potential to increase the number of uninsured."

GAO found:

- HSA

enrollees are younger than enrollees in traditional healthcare plans. According to GAO, "individuals with certain demographic characteristics" - younger enrollees who have lower healthcare costs - "may be disproportionately attracted to these plans." The average age of HSA enrollees was 46 years old compared to an average age of 59 for enrollees in traditional plans. The oldest enrollees, those who were retired, were only one fourth as likely to sign up for HSAs

- HSA

enrollees are wealthier than other FEHBP enrollees. HSA enrollees in the highest income bracket analyzed by GAO (those with incomes over \$75,000) were over three times as likely to sign up for HSAs.

- HSAs

and HDHPs failed to provide adequate information to enrollees. According to GAO, "HDHPs ... are premised on the notion that enrollees will become more actively involved in making health care purchase decisions To do so, enrollees need information to help them assess the cost and quality trade-offs between different health care treatments and providers. However, the extent to which FEHBP HDHPs made such information available to enrollees was varied and limited."

Critics

of HSAs and HDHPs have long held that their expansion would jeopardize health insurance coverage for the more than 160 million Americans who are currently covered through their jobs. This could translate into a massive shift in costs to consumers who - in addition to having to pay more for coverage - would be left on their own to try to bargain with insurance companies for needed medical care.